

**Bellevue Community  
Fire Control Board**

**Bellevue, Michigan**

**23-7520**

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**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**Year Ended March 31, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Bellevue Community Fire Board</b>	County <b>Eaton</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>1/16/05</b>	Date Accountant Report Submitted to State: <b>1/16/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Douglas Wohlberg, CPA</b>			
Street Address <b>PO Box 1013</b>	City <b>Byron Center</b>	State <b>MI</b>	ZIP <b>49315</b>
Accountant Signature <i>Douglas Wohlberg</i>		Date <b>1/16/05</b>	

# **Bellevue Community Fire Control Board**

**Bellevue, Michigan**

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**March 31, 2004**

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## INDEPENDENT AUDITORS' REPORT

To the Board  
Bellevue Community Fire Control Board  
Bellevue, Michigan

We have audited the accompanying general purpose financial statements of the Bellevue Community Fire Control Board as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Bellevue Community Fire Control Board, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Bellevue Community Fire Control Board, as of March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund and account group financial statements. The information listed as supporting schedules and statistical data in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Bellevue Community Fire Control Board. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups, taken as a whole.

*Douglas Wohlberg*

January 16, 2005

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

# **COMBINED FINANCIAL STATEMENTS**

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# Bellevue Community Fire Control Board

Bellevue, Michigan

Combined Balance Sheet

All Fund Types and Account Group

March 31, 2004 and 2003

	Fund Type	Account Group	Totals	
	General	General Fixed Assets	(Memorandum Only)	
			2004	2003
<b>ASSETS</b>				
Cash and cash equivalents	\$ 28,745	\$	\$ 28,745	\$ 12,452
Investments	9,373		9,373	40,043
Accounts receivable				5,000
General fixed assets		742,537	742,537	422,243
<b>TOTAL ASSETS</b>	<b>\$ 38,118</b>	<b>\$ 742,537</b>	<b>\$ 780,655</b>	<b>\$ 479,738</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Payroll taxes payable	\$ 536	\$	\$ 536	\$ 536
Salaries payable	7,000		7,000	7,000
<b>TOTAL LIABILITIES</b>	<b>7,536</b>		<b>7,536</b>	<b>7,536</b>
<b>FUND EQUITY</b>				
Investment in general fixed assets		742,537	742,537	422,243
Fund balance	30,582		30,582	49,959
<b>TOTAL FUND BALANCE</b>	<b>30,582</b>	<b>742,537</b>	<b>773,119</b>	<b>472,202</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 38,118</b>	<b>\$ 742,537</b>	<b>\$ 780,655</b>	<b>\$ 479,738</b>

The notes to the financial statement are an integral part of this statement.

# Bellevue Community Fire Control Board

Bellevue, Michigan

## Combined Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Fund Types

For the years ended March 31, 2004 and 2003

	General Fund	
	2004	2003
<b>REVENUES</b>		
Charges for services	\$ 4,168	\$ 3,891
Contract services	33,499	21,621
Fire runs	278,008	40,000
Contributions from local units	3,109	581
Interest on investments		1,063
Insurance reimbursements	7,574	
Donations	63,720	
Grants	500	61
Miscellaneous		
<b>TOTAL REVENUES</b>	<b>390,578</b>	<b>67,217</b>
<b>EXPENDITURES</b>		
Current		
Public safety	33,590	27,934
Salaries	2,570	2,114
Payroll Tax	993	837
Payroll Processing	3,621	3,721
Utilities	17,646	3,454
Repairs and maintenance	930	710
Fuel	20,952	18,921
Insurance	1,500	1,400
Audit	525	1,293
Office expense	848	148
Supplies		399
Education	1,486	823
Miscellaneous	320,294	5,024
Capital outlay	5,000	
Prior period adjustment		
<b>TOTAL EXPENDITURES</b>	<b>409,955</b>	<b>66,778</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(19,377)</b>	<b>439</b>
<b>Fund Balances at beginning of year</b>	<b>49,959</b>	<b>49,520</b>
<b>Fund Balances at end of year</b>	<b>\$ 30,582</b>	<b>\$ 49,959</b>

The notes to the financial statements are an integral part of this statement.



# Bellevue Community Fire Control Board

Bellevue, Michigan

## Combined Statement of Revenues, Expenditures and Changes in Fund Balances

### Budget and Actual – General Fund

For the years ended March 31, 2004 and 2003

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
Charges for services	\$ 4,000	\$ 4,168	\$ 168
Contract services	25,000	33,499	8,499
Fire runs	40,000	278,008	
Contributions from local units	1,000	3,109	2,109
Interest on investments		7,574	7,574
Donations		63,720	63,720
Grants		500	500
Miscellaneous			
<b>TOTAL REVENUES</b>	<b>70,000</b>	<b>390,578</b>	<b>82,570</b>
<b>EXPENDITURES</b>			
Current	96,150	409,955	(313,805)
Public safety			
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(26,150)</b>	<b>(19,377)</b>	<b>(231,235)</b>
<b>Fund Balances at beginning of year</b>	<b>49,959</b>	<b>49,959</b>	
<b>Fund Balances at end of year</b>	<b>\$ 23,809</b>	<b>\$ 30,582</b>	<b>\$ 6,773</b>

The notes to the financial statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

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# **Bellevue Community Fire Control Board**

**Bellevue, Michigan**

## **Notes to Financial Statements**

**March 31, 2004**

### **Note 1 - Summary of Significant Accounting Policies**

The Bellevue Community Fire Control Board was organized on December 20, 1955 by an agreement between Assyria Township, Bellevue Township, Convis Township and the Village of Bellevue.

The governing body of the Fire Board has five members. Each of the 4 participating members appoints one member from their governing bodies. The fifth member is appointed from the participating members governing bodies on a rotational basis.

In addition to serving the above members, the Fire Control Board also provides fire protection to Kalamo Township on a fee basis.

#### **1. Financial Reporting Entity**

As required by generally accepted accounting principles, Governmental Accounting and Financial Reporting Standards, GASB # 14, the financial statements of the financial reporting entity include those of the Board and its component units. Component units are included in the reporting entity when there are significant operational and financial relationships with the Board. Based upon the application of these criteria, there were no component units required to be included as part of the financial reporting entity of the Board.

#### **2. Fund Accounting**

The accounts of the Board are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The Authority operates the following funds and account groups.

##### **Governmental Fund Types**

###### **General Fund**

General Fund is used to account for all financial transactions except those required to be accounted for in another fund. This fund included the general operating expenditures of the Board. Revenues are derived primarily from contributions by member units and charges for services to nonmember units.

# **Bellevue Community Fire Control Board**

**Bellevue, Michigan**

## **Notes to Financial Statements - continued**

**March 31, 2004**

### **Note 1 - Summary of Significant Accounting Policies (continued)**

#### **2. Fund Accounting (continued)**

##### **Account Groups**

##### **General Fixed Asset Account Group**

This account is established to account to general fixed assets. General fixed assets are valued at historical cost.

The General Fixed Asset Account Group is not a "fund"; it presents financial position only, and does not measure the results of operations.

#### **3. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which is recognized when due.

#### **4. Investments**

Investments are stated at cost.

#### **5. Property, Equipment and Depreciation**

Fixed assets used in governmental units are recorded in the General Fixed Asset Account Group at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair market value at the date of the donation. Assets in the General Fixed Asset Account Group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

#### **6. Total Columns on Combined Statements**

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles, nor are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

# Bellevue Community Fire Control Board

Bellevue, Michigan

## Notes to Financial Statements - continued

March 31, 2004

### Note 2 - Cash and Cash Equivalents and Investments

#### Cash and cash equivalents

Deposits are carried at cost. Deposits are in two financial institutions in the name of the Local Unit Treasurer. Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations. Investments can also be made in bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States, which are guaranteed as to principal and interest by the United States, including securities issued by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the three highest classifications by not less than two standard rating services which mature not more than 270 days after the date of purchase and which involve no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Local Unit's deposits are in accordance with statutory authority.

	Bank Balance
Insured (FDIC)	\$ 28,745
Uninsured	
Total	\$ 28,745

#### Investments

Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions located in states other than Michigan. The Board's deposits are in accordance with statutory authority.

Statutes allow the Board to invest surplus funds as follows:

- (a) bonds and other direct obligations of the United States or its agencies
- (b) certificates of deposits, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146)
- (c) commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
- (d) United States government or Federal agency obligation repurchase agreements
- (e) bankers' acceptance of United States banks
- (f) mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

The Board's investments are categorized below to give an indication of the level of risk assumed by the Board at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Board or its agent in the Board's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealers trust department or agent in the Board's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Board's name. The investments also include mutual funds and a deferred compensation plan that are not assigned a risk category because they are not evidenced by securities that exist in a physical or book entry form.

# Bellevue Community Fire Control Board

Bellevue, Michigan

## Notes to Financial Statements - continued

March 31, 2004

### Note 2 - Cash and Cash Equivalents and Investments (continued)

#### Investments (continued)

	Category			Bank Balance	Carrying Amount
	1	2	3		
Time deposits	\$ 9,373	\$	\$	\$ 9,373	\$ 9,373

### Note 3 - General Fixed Assets

The following summarizes changes in components of the General Fixed Asset Account Group for the year ended March 31, 2004.

	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
Land and building	\$ 49,104	\$	\$	\$ 49,104
Equipment	373,139	320,294		693,433
Total	\$ 422,243	\$ 320,294	\$	\$ 742,537

### Note 4 - Excess of Expenditures Over Appropriations in Budgeted Funds

During the year the Board incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated as follows:

Fund	Total Appropriation	Amount of Expenditures	Budget Variance
General Fund Expenses	\$ 70,000	\$ 390,578	\$ 320,578

## MANAGEMENT COMMENTS LETTER

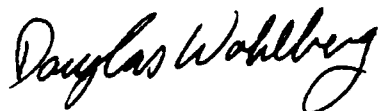
To the Board  
Bellevue Community Fire Control Board  
Bellevue, Michigan

In planning and performing our audit of the financial statements of Bellevue Community Fire Control Board for the year ended March 31, 2004, we considered the Board's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated January 4, 2004, on the financial statements of the Bellevue Community Fire Control Board.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Board personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,



January 16, 2005

**Bellevue Fire Control Board  
Management Comments Letter  
March 31, 2004  
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**Prior comments and suggestions**

1. No comments or suggestions for the current year.

**Current comments and suggestions**

1. Record in the minutes when budgets are adopted or amended.
2. Record in the minutes more detail of any additional amounts received from the participating units.
3. Record in the minutes more detail of any grant money is received.



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board  
Bellevue Community Fire Control Board  
Bellevue, Michigan

We have audited the general purpose financial statements of Bellevue Community Fire Control Board as of and for the year ended March 31, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bellevue Community Fire Control Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bellevue Community Fire Control Board's internal Control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board and management. However, this report is a matter of public record and its distribution is not limited.

*Douglas Wohlberg*

January 16, 2005